

**Amendments to the Specification**

**Page 16, the first full paragraph, lines 2 to 15, replace the paragraph with:**

In the event of a failure, a failure location is displayed on a screen of a control terminal connected to the controller 221. Using the control terminal, it is possible to isolate a failed hard disk drive 130 from the FC loops 270-273 or perform setting on the logic units. In this embodiment, the control terminal ~~280~~290 and the storage system 150 are interconnected through a control terminal signal line 281. The control terminal signal line 281 may use a LAN cable, RS-232C or optical fiber. It is also possible to move a function of the control terminal 280 to the higher level device 210 and omit the control terminal ~~280~~290.